

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
DOTE-00 EB-08 FMC-01 CG-00 DLOS-09 OES-07 EA-10
AF-10 NRC-05 DOE-15 SOE-02 /133 W
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R 311824Z MAY 78
FM AMEMBASSY MOSCOW
TO SECSTATE WASHDC 2405
MARAD WASHDC
INFO AMEMBASSY BRUSSELS
AMEMBASSY BONN
AMCONSUL LENINGRAD
AMEMBASSY LONDON
AMCONSUL MUNICH
USMISSION USNATO
USDOC WASHDC

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USEEC
USDOC FOR BEWT
MARAD FOR ASSISTANT SECRETARY BLACKWELL

E.O.11652:N/A
TAGS: UR, EWWT, EEWT, US, GW, EEC
SUBJECT: SOVIET MINISTER OF MARITIME FLEET PRESS
CONFERENCE

REF: MOSCOW 11921
SUMMARY; AT A PRESS CONFERENCE MAY 29, MINISTER OF THE
MARITIME FLEET GUZHENKO DEFENDED SOVIET MARITIME POLICY
AND ASSAILED WESTERN LEGISLATION RESTRICTING THE ACTIVIT-
IES OF THE SOVIET MARITIME FLEET. DENYING THAT THE SOVIET
UNION HAD ANY RESPONSIBILITY FOR THE CURRENT CRISIS IN
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SHIPPING, HE FURNISHED A FEW GENERAL STATISTICS TO
DEMONSTRATE THAT SOVIET PARTICIPATION IN CROSS TRADES
HAS BEEN STAGNATING SINCE 1976 AND THAT THE SOVIET SHARE
OF WORLD TONNAGE IS DECLINING. HE ATTRIBUTED SOVIET
NON-PARTICIPATION IN THE CONFERENCES TO THE POLITICS OF
WESTERN SHIPPERS AND THEIR ATTEMPTS TO SADDLE THE SOVIETS
WITH DISCRIMINATORY MEASURES. FOLLOWING THE TASS

MAY 25 ARTICLE CLOSELY (REFTEL), HE WARNED THAT THE ADOPTION OF RESTRICTIVE MEASURES BY THE WEST WOULD HAVE "NEGATIVE CONSEQUENCES ON INTERNATIONAL SHIPPING. THE SOVIET MERCHANT MARINE WILL BE "FURTHER DEVELOPED" TO MEET NATIONAL NEEDS. END SUMMARY.

1. IN A PREPARED TEXT ON SOVIET MERCHANT MARINE POLICY, PROVIDED BY THE MINISTRY OF THE MARITIME FLEET AT A PRESS CONFERENCE MAY 29 (REFTEL) THE MINISTER OF THE MARITIME FLEET GUZHENKO TOOK AN UNCOMPROMISING APPROACH TO WESTERN CHARGES AGAINST SOVIET PRACTICES AND LEGISLATION UNDER CONSIDERATION WHICH WOULD RESTRICT THE ACTIVITIES OF THE SOVIET MERCHANT FLEET. ABSOLVING THE SOVIET MERCHANT FLEET FROM ANY RESPONSIBILITY FOR THE DIFFICULTIES IN THE WORLD SHIPPING INDUSTRY, GUZHENKO ASCRIBED THE DIFFICULTIES TO RECESSION IN THE WEST AND TO THE EXCESS TONNAGE ORDERED IN THE EARLY 1970S. HE ADVANCED FIGURES TO DEMONSTRATE THAT THE SOVIET SHARE OF WORLD CROSS TRADE IS BOTH A SMALL AND DECLINING SHARE (ABSOLUTELY AND RELATIVELY) OF THE VOLUME OF CARGO CARRIED BY SOVIET BOTTOMS: OF A TOTAL OF 214.5 MILLION TONS CARRIED IN 1976, 30.4 WERE IN THE CROSS TRADES; IN 1977 219.3 ONLY 30.2 RESPECTIVELY, AND IN 1978 PLAN 226.9 ONLY 30.0. HE CHARGED THAT SHIPOWNERS IN SOME CONFERENCES (BETWEEN EAST AFRICA AND EUROPE, IN THE PACIFIC AND CERTAIN OTHER ROUTES) HAVE ACTED IN BAD FAITH IN NEGOTIATING WITH SOVIETS ABOUT LIMITED OFFICIAL USE

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FORMS OF COOPERATION ON CONFERENCES, PLACING POLITICAL CONSIDERATIONS OVER ECONOMIC CONSIDERATIONS. FOLLOWING THE MAY 25 TASS ARTICLE CLOSELY (REFTEL) GUZHENKO THREATENED WESTERN COUNTRIES WITH COUNTERMEASURES SHOULD RESTRICTIONS BE PLACED ON SOVIET MERCHANT MARINE ACTIVITIES. STATING THAT THESE ACTIONS WOULD BE IN DIRECT CONTRADICTION WITH THE PROVISIONS OF THE FINAL ACT OF THE CONFERENCE ON SECURITY AND COOPERATION IN EUROPE, HE WARNED THAT THE COUNTERMEASURES WOULD HAVE NEGATIVE CONSEQUENCES WHICH WOULD BE "EVEN DIFFICULT TO FORECAST" FOR INTERNATIONAL SHIPPING.(COPY BEING POUCHED TO EUR/SOV - EDGAR.)

2. GUZHENKO ASSERTED THAT WESTERN SHIPPERS, NOT USSR, WERE RESPONSIBLE FOR THE LACK OF SOVIET PARTICIPATION IN THE CONFERENCES. HE CLAIMED THAT THE WESTERN SHIPPERS, IN NEGOTIATIONS, OFFERED DISCRIMINATORY TERMS TO THE SOVIETS. HE FURTHERMORE CLAIMED THAT ALTHOUGH THE SOVIETS HAD ATTEMPTED TO JOIN, THE CONFERENCE FOR A NUMBER OF YEARS HAD BEEN CLOSED TO NEW MEMBERS. THEREFORE, HE STATED, THE SOVIETS HAD FOLLOWED NORMAL COMMERCIAL PRACTICES AND PLIED THEIR TRADE OUTSIDE THE CONFERENCE.

3. RESPONDING TO THE QUESTIONS FROM THE PRESS, GUZHENKO

DECLINED TO GIVE DETAILS ON THE PLANNED GROWTH OF THE SOVIET MERCHANT MARINE FLEET. HE STATED THAT THE OVERALL GROWTH RATE WOULD BE ROUGHLY EQUAL TO THE PAST RATE. IN TERMS OF COMPOSITION, HE WOULD ONLY STATE THAT THE GROWTH RATE OF SPECIALIZED SHIPS -- CONTAINER AND RO-RO -- WOULD DEPEND UPON THE NEEDS OF THE SOVIET ECONOMY, AND NOT UPON "FOREIGN" NEEDS. HE ADDED THAT MORE NUCLEAR SHIPS WOULD BE BUILT, ESPECIALLY FOR A PLANNED ARCTIC ROUTE FROM ASIA TO JAPAN, SINCE THE RELATIVE COSTS OF DIESEL VERSUS ATOMIC FUEL WERE INCREASINGLY CLOSE.

4. COMMENT: GRUZHENKO'S STATEMENT AND REMARKS OFFER LITTLE ROOM FOR COMPROMISE WITH THE WESTERN COUNTRIES WHICH MAY BE CONTEMPLATING RESTRICTIVE LEGISLATION. ALTHOUGH THE STATISTICS "DEMONSTRATE" THAT CROSS TRADE LIMITED OFFICIAL USE

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TRAFFIC IS STAGNATING, HIS LACK OF HARD INFORMATION ON THE GROWTH OF THE SOVIET FLEET AND THE COMPOSITION,

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ABOUT WHICH WESTERN SHIPPERS ARE CONCERNED, WILL DO NOTHING TO ASSUAGE THE FEARS OF WESTERN SHIPPERS OF INCREASED COMPETITION BY SOVIET CONTAINER AND RO-RO SHIPS AND TANKERS. HE IS APPARENTLY OFFERING LITTLE COMPROMISE ON CONFERENCE POLICY. ONE "DISCRIMINATORY POLICY" TO WHICH HE REFERS MOST LIKELY CONCERNS THE REFUSAL OF WESTERN SHIPPERS TO ACCEDE TO SOVIET DEMANDS FOR LARGE SHARES OF CONFERENCE TRADE. THE THREAT OF COUNTER MEASURES IS CLEARLY MEANT TO DISSUADE WESTERN COUNTRIES FROM ADOPTING LEGISLATION NOW UNDER CONSIDERATION, BUT IT IS NOT CLEAR WHAT THE SOVIETS INTEND TO DO IN THE EVENT THE THREAT FAILS. MATLOCK

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